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Trade Pact Will Tear Down Walls to Growth in Latin America

By Craig Barrett

Throughout the 30-plus years that Intel has been involved overseas, we've seen firsthand how engagement with other countries has helped spur dramatic economic and social improvements. It is clear that investment and involvement by American companies in communities around the world has had a positive impact, both at home and abroad.

For example, in the seven years since we started our first Latin American assembly test facility in Costa Rica, Intel has helped permanently improve the nation's health and safety standards, its power and telecommunications infrastructure, and the engineering curricula in higher education by working closely with the Costa Rican government, local suppliers and the public universities. We have seen similar changes associated with our investments in Malaysia and the Philippines. The standards set by these activities puts pressure on other industry and government entities to follow suit.

Helping at home, too As our industry has become more engaged around the world, we also have experienced strong growth at home. Intel's Costa Rica location is part of a network of Intel facilities worldwide that help make our U.S. operations more competitive. The jobs created in Costa Rica complement high-end U.S. manufacturing jobs, as nearly all of the chips assembled and tested there are produced by Intel manufacturing sites in Arizona, Oregon, California, Colorado, Massachusetts and New Mexico. The ability to have chips assembled and tested in different regions helps us serve customers all over the globe.

More than 70 percent of Intel's revenue currently comes from sales outside the United States, with 45 percent from Asia and 23 percent from Europe in 2004. Free and open trade is crucial to our success.

This spring, the U.S. government will have an opportunity to continue domestic economic growth, promote it abroad, and bring the benefits of engagement to more countries in the Western Hemisphere. The Bush administration will send to Congress for approval the ``Dominican Republic-Central American Free Trade Agreement" (DR-CAFTA), which will break down barriers to trade with Central America and the Dominican Republic.

Congress should pass DR-CAFTA. It is a fair and balanced agreement that is good for the United States and good for the DR-CAFTA countries. It also is an important building block to spreading the benefits of engagement and trade around the world. Lest anyone forget, development in emerging economies such as those of our southern neighbors is key to their economic and national security -- and ours.

Sales in foreign markets will increasingly be the engine of growth for the technology industry, and the free flow of goods between countries will create jobs in most sectors. By improving access to growing markets for our products, U.S. companies and their workers will be more competitive.

DR-CAFTA incorporates specific provisions that benefit the U.S. technology industry and its employees. As part of the agreement, the Dominican Republic, Guatemala, Honduras and Nicaragua will eliminate tariffs on all technology products. Costa Rica and El Salvador already have done so. This will save U.S. technology exporters millions of dollars annually and help expand a growing market worth more than \$2.5 billion in U.S. tech exports.

Also in the agreement are commitments from the countries in their services sectors that create opportunities for the U.S. tech industry, including important reforms in Costa Rica's telecommunications sector. Strong intellectual-property provisions and forward-looking e-commerce provisions will establish important precedents for future bilateral, regional and multilateral agreements.

Maintain influence For the DR-CAFTA countries, the trade agreement and the engagement that results will help improve labor and environmental standards. Encouraging the deployment of technology throughout the hemisphere will help provide economic and social opportunity. The only way to move forward on all these issues is on a long-term basis, through fair rules that will help ensure that citizens in all parties to the agreement will benefit. We can choose to lead this effort through passage of DR-CAFTA or cede this leadership to a third party and see our influence in the region wane.

This agreement is good for us. I've met most of the DR-CAFTA ambassadors, and they will tell you this agreement is good for their countries, as well. It is crucial that the United States pass DR-CAFTA as part of an aggressive trade agenda. The region is not only an important market in and of itself; it also is a building block toward a hemispheric trade agreement that can bring improvement to all of Latin America, increased opportunity to U.S. companies and their workers, and increased stability around the world.

CRAIG BARRETT is CEO of Intel. He wrote this article for the Mercury News.